

Message Text

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ACTION EUR-08

INFO OCT-01 SS-14 ISO-00 NSC-05 NSCE-00 INR-05 CIAE-00

SAM-01 SP-02 PRS-01 EB-03 SAJ-01 SIL-01 TRSE-00 PM-03

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R 131144Z FEB 76

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 7833

INFO AMEMBASSY LISBON

AMEMBASSY MADRID

USMISSION NATO

AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY BONN

AMEMBASSY MOSCOW

AMEMBASSY ROME

USMISSION EC BRUSSELS

C O N F I D E N T I A L SECTION 01 OF 02 PARIS 04501

LIMDIS

E.O. 11652: GDS

TAGS: PFOR, PO, FR

SUBJECT: FRENCH-PORTUGUESE RELATIONS: SAUVAGNARGUES
VISIT AND NEXT STEPS

REF: (A) PARIS 2589, (B) STATE 32604

1. SUMMARY: IN PREPARING SAUVAGNARGUES' LISBON VISIT
QUAI IS EVIDENTLY SEEKING AUTHORITY TO OFFER SOME
FRENCH BILATERAL AID IF LISBON COMES UP WITH SPECIFIC
PROJECTS. BOTH SIDES SEEM INTERESTED IN SETTling PROB-
LEMS POSED BY PORTUGUESE INVESTMENT CODE. PRINCIPAL
OUTCOME OF SAUVAGNARGUES VISIT IS LIKELY TO BE AGREEMENT
TO A GISCARD VISIT LATER THIS YEAR. END SUMMARY.

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2. IN FACE PROSPECTIVE SAUVAGNARGUES VISIT TO LISBON

FEBRUARY 26-27, WE TESTED WATERS BOTH AT QUAI AND WITH PORTUGUESE AMBASSADOR. AT QUAI WE FOUND PORTUGUESE DESK OFFICER DEBENEST STILL INTENSELY INTERESTED IN DETAILS U.S. AND OTHER COUNTRIES' BILATERAL AID EFFORTS AND GRATEFUL FOR INFO PROVIDED REF B. FOR FIRST TIME, IN OUR NOW EXTENDED DISCUSSION THIS SUBJECT, WE FOUND DEBENEST ANXIOUS TO IMPRESS US WITH TWO POINTS: FIRST, THAT FRANCE'S FAILURE TO MOUNT ANY SIGNIFICANT BILATERAL AID EFFORT SO FAR, AS COMPARED TO THE U.S. AND THE FRG, WAS INCREASINGLY EMBARRASSING TO QUAI; AND SECONDLY, THAT IDEA OF BILATERAL FRENCH AID TO PORTUGAL WAS STILL NOT AT ALL EXCLUDED.

3. ON FIRST ISSUE DEBENEST SAID FRANCE'S AID CONTRIBUTION MAY WELL BE UNDERESTIMATED SINCE HUGE FRENCH INDUSTRIAL INVESTMENT GUARANTEES UNDERPINNING PORTUGUESE ECONOMIC OPERATIONS (WHICH SHE VALUED AT OVER ONE BILLION US DOLLARS) ARE USUALLY NOT COUNTED. EVEN SO DEBENEST DID NOT HIDE FACT THAT SAUVAGNARGUES FEELS SOMEWHAT OVERSHADOWED BY EXTENT OF "PRESENTS" FRG FONMIN GENSCHEER FOR EXAMPLE HAS JUST LEFT IN PORTUGAL. FOR MOMENT GOF CAN ONLY PROMISE A TRIPLING OF MODEST FRENCH CULTURAL PROGRAMS DEVOTED TO PORTUGAL (FROM ONE TO THREE MILLION FRANCS) WHICH PORTUGUESE EVIDENTLY WANT. SHE ALSO HINTED AT SMALL INCREASE IN NUMBER OF PORTUGUESE MILITARY OFFICERS TO BE OFFERED TRAINING WITH FRENCH ARMED FORCES.

4. EVEN SO, DEBENEST SAID POSSIBILITY SOME FRENCH BILATERAL AID SHOULD DEFINITELY NOT BE EXCLUDED. SHE SAID AGAIN THAT BALANCE OF PAYMENTS ASSISTANCE TO LISBON WAS DEFINITELY OUT. ON OTHER HAND SHE HINTED UNMISTAKABLY THAT QUAI IS NOW ENGAGED IN INTRAMURAL ARGUMENT

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WITHIN GOF TO ENABLE SAUVAGNARGUES TO GIVE ENCOURAGEMENT TO PORTUGUESE, IF LATTER COME FORWARD WITH "SPECIFIC PROJECTS" REQUIRING FRENCH AID. DEBENEST SAID ISSUE IS STILL NOT SETTLED, BUT SHE SOUNDED MORE OPTIMISTIC THAN IN THE PAST.

5. AS TO WHAT SAUVAGNARGUES WILL DO IN LISBON, DEBENEST THOUGHT AGENDA WOULD INCLUDE WORKING OUT OF PROGRAM FOR FURTHER EXCHANGES OF VISITS; DISCUSSION OF BILATERAL PROBLEMS, PARTICULARLY AS REGARDS CERTAIN ISSUES WHICH HAVE TO BE IRONED OUT IN PORTUGUESE INVESTMENT CODE; AID ISSUES, PARTICULARLY IF PORTUGUESE PRODUCE CONCRETE PROPOSALS AND REQUEST FRENCH AID; AND THE PREDICTABLE TOUR D'HORIZON OF PORTUGUESE AND INTERNATIONAL POLITICAL QUESTIONS.
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6. IN OUR TALK WITH PORTUGUESE AMBASSADOR MARTINS, HE TOO REFLECTED OPTIMISM ABOUT SAUVAGNARGUES' VISIT, ADDING SOME NUANCES. MARTINS REITERATED (REF A) THAT HE HAS ASKED, AND EXPECTS, PORTUGUESE MINISTER OF FOREIGN COMMERCE TO COME TO PARIS BEFORE SAUVAGNARGUES' LISBON VISIT TO WORK OUT PROBLEMS ON INVESTMENT CODE, WHICH IMPEDE GROWING FRENCH COMMERCIAL INTEREST IN PORTUGAL. MARTINS SAYS THAT THE MERE FACT THAT SAUVAGNARGUES IS VISITING LISBON HAS HAD SURPRISINGLY STRONG ENCOURAGING EFFECT ON MAJOR FRENCH BANKS AND INDUSTRIES WHO SEEM PREPARED TO RESUME INVESTMENT IN PORTUGUESE ECONOMY ONCE CODE IS SATISFACTORILY WORKED OUT.

7. PRINCIPAL POLITICAL RESULTS OF SAUVAGNARGUES VISIT
IN MARTINS' VIEW WILL BE AGREEMENT TO MORE INTENSIVE
EXCHANGE OF VISITS BY OTHER MINISTERS, BUT MOST
IMPORTANTLY, AGREEMENT TO A LISBON VISIT BY GISCARD
D'ESTAING.
RUSH

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